

U.S.-NORTH KOREA RELATIONS AFTER THE POLICY REVIEW

HEARING BEFORE THE SUBCOMMITTEE ON EAST ASIA AND THE PACIFIC OF THE COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED SEVENTH CONGRESS FIRST SESSION

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U.S.-NORTH KOREA RELATIONS AFTER THE POLICY REVIEW

THURSDAY, JULY 26, 2001

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EAST ASIA AND THE PACIFIC,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:02 a.m. in Room 2200, Rayburn House Office Building, Hon. James A Leach [Chairman of the Subcommittee] presiding.

Mr. LEACH. The Subcommittee will come to order.

On behalf of the Subcommittee, I would like to extend a warm welcome to our administration witness, Charles L. (Jack) Pritchard, who is Special Envoy for Korean Peace Talks and the United States Representative to the Korean Peninsula Energy Development Organization or KEDO.

During the Clinton Administration, Mr. Pritchard served as Special Assistant to the President and Senior Director for Asian Affairs at the NSC, Director of Asian Affairs at the NSC, as well as deputy to Ambassador Kartman in his role as the Special Envoy for Peace Talks with North Korea. Mr. Pritchard retired from the United States Army in July, 2000, after 28 years of service, including various Asia related assignments in the Office of the Joint Chiefs of Staff.

We appreciate your appearance before us today and look forward to a close and bipartisan working relationship in the months ahead.

The Subcommittee meets today to assess prospects for peace and stability on the Korean Peninsula, a region of the world long of vital interest to the United States, and to review in detail the results of the Bush Administration's recently completed review of U.S. policy toward North Korea.

A little over a year has passed since the extraordinary 3-day summit meeting in Pyongyang between South Korean President Kim Dae Jung and North Korean Chairman Kim Jong Il. The Pyongyang summit, unprecedented in the history of the divided Korean Peninsula, raised hope that one of the world's most dangerous flashpoints was moving from an era of cold war confrontation to one of peace and coexistence.

North Korea's once reclusive ruler, Kim Jong Il, appeared a confident leader comfortable on the world stage. Indeed, the hermit kingdom in 2000 embarked on an ambitious campaign of diplomatic engagement, normalizing relations with the E.U. and nearly

a dozen countries, as well as hosting a visit by the United States Secretary of State.

Rapprochement between North and South Korea brought with it exciting hints of change, heartrending family reunions, athletic and cultural exchanges, pledges to reconnect rail links across the heavily fortified DMZ, deepened economic ties and a meeting of defense ministers.

By early 2001, however, this promising momentum toward North-South reconciliation had stalled. Kim Jong Il has yet to fulfill his commitment to return to a summit in Seoul. Despite the easing of tensions on the Peninsula, there is little indication of either economic reform or a shift in the North's military first policies at home.

Indeed, despite a precipitous economic decline and chronic food shortages that have led to famine and death for hundreds of thousands, if not millions, of its citizens, North Korea has devoted its scarce resources to increasing the size and capabilities of its military.

Added to these uncertainties, the incoming Administration was confronted with a multifaceted and complicated array of policy issues related to previous U.S. engagement with North Korea. Key components of that engagement included the 1994 Agreed Framework for containing and, if possible, ending North Korea's nuclear weapons program; the four party talks between the two Koreas, U.S. and China regarding the process for reaching a permanent peace settlement on the Peninsula; comprehensive policy review initiated by former Secretary of Defense Perry, which gave priority to U.S. security concerns over the DPRK's nuclear weapons and long-range missile programs and which recommended that the U.S. adopt the goal of normalizing relations with North Korea if Pyongyang was willing to agree to a verifiable cessation of those programs.

Additional elements included providing food aid and other international assistance to North Korea, seeking progress in the DPRK's dismal human rights record, addressing the plight of North Korean refugees, North Korean involvement with terrorism and pursuing concerns about North Korea's chemical and biological weapons capabilities.

Given this circumstance, the Bush Administration appropriately chose to undertake a comprehensive review of U.S. policy toward North Korea. The new policy announced on June 6 sets forth a comprehensive approach toward North Korea, reaffirming support for the U.S.-ROK alliance and endorsing the historic sunshine policy of President Kim with the explicit goal of encouraging progress toward North-South reconciliation.

President Bush further directed his national security team to undertake serious discussions with North Korea on a broad range to include improved implementation of the Agreed Framework related to North Korea's nuclear activities, verifiable constraints on North Korea's missile programs and a ban on its missile exports and a less threatening military posture.

From a Congressional perspective, it would appear the ball is now squarely in North Korea's court, both in terms of promptly resuming a high level dialogue with Seoul and responding affirma-

tively to the U.S. decision to proceed with comprehensive discussions with Pyongyang.

I have a number of questions, and I am sure others on the panel do, but with this as a framework we look forward to the testimony of Mr. Pritchard.

Eni, do you want to make any opening statements?

[The prepared statement of Mr. Leach follows:]

PREPARED STATEMENT OF THE HONORABLE JAMES A. LEACH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA, AND CHAIRMAN, SUBCOMMITTEE ON EAST ASIA AND THE PACIFIC

On behalf of the Subcommittee, I would like to extend a warm welcome to our administration witness, Charles L. (Jack) Pritchard, Special Envoy for Korean Peace Talks and U.S. Representative to the Korean Peninsula Energy Development Organization (KEDO). During the Clinton administration, Mr. Pritchard served as Special Assistant to the President and Senior Director for Asian Affairs at the National Security Council, Director of Asian Affairs at the NSC, as well as deputy to Ambassador Kartman in his role as Special Envoy for Peace Talks with North Korea. Mr. Pritchard retired from the U.S. Army in July 2000 after 28 years of service, including various Asia-related assignments in the Office of the Joint Chiefs of Staff, the Office of the Secretary of Defense, and Pacific Command. We appreciate your appearance before us today, and look forward to a close and bipartisan working relationship in the months ahead.

The Subcommittee meets today to assess prospects for peace and stability on the Korean Peninsula, a region of the world long of vital interest to the United States, and to review in detail the results of the Bush administration's recently completed review of U.S. policy toward North Korea.

A little over a year has passed since the extraordinary three-day summit meeting in Pyongyang between South Korean President Kim Dae Jung and North Korean Chairman Kim Jong Il. The Pyongyang summit, unprecedented in the history of the divided Korean Peninsula, raised hopes that one of the world's most dangerous flashpoints was moving from an era of cold war confrontation to one of peace and coexistence. North Korea's once-reclusive ruler, Kim Jong Il, appeared a confident leader comfortable on the world stage. Indeed, the hermit kingdom in 2000 embarked on an ambitious campaign of diplomatic engagement, normalizing relations with the EU and nearly a dozen countries, as well as hosting a visit by the U.S. Secretary of State. Rapprochement between North and South Korea brought with it exciting hints of change: heart-rending family reunions, athletic and cultural exchanges, pledges to reconnect rail links across the heavily fortified DMZ, deepened economic ties, and a meeting of defense ministers.

By early 2001, however, this promising momentum toward North-South reconciliation had stalled. Kim Jong Il has yet to fulfill his commitment to a return summit in Seoul. Despite the easing of tensions on the Peninsula, there is little indication of either economic reform or a shift in the North's "military first" policies at home. Indeed, despite a precipitous economic decline and chronic food shortages that have led to famine and death for hundreds of thousands if not millions of its citizens, North Korea has devoted its scarce resources to increasing the size and capabilities of its military.

Added to these uncertainties, the incoming administration was confronted with a multifaceted and complicated array of policy issues related to previous U.S. engagement with North Korea. Key components of that engagement included: the 1994 Agreed Framework for containing and if possible ending North Korea's nuclear weapons program; the four-party talks between the two Koreas, the U.S., and China regarding the process for reaching a permanent peace agreement on the Peninsula; as well as the comprehensive policy review initiated by former Secretary of Defense Perry, which gave highest priority to U.S. security concerns over DPRK nuclear weapons and long-range missile programs, and which recommended that the U.S. adopt the goal of normalizing relations with North Korea if Pyongyang was willing to agree to a verifiable cessation of those programs.

Additional elements included providing food aid and other international assistance to North Korea, seeking progress in the DPRK's dismal human rights record, addressing the plight of North Korean refugees, North Korean involvement with terrorism, and pursuing concerns about North Korea's chemical and biological weapons capabilities.

Moreover, the administration would need to take into account the implications for U.S. policy of North Korea's expanded diplomatic outreach. Likewise, it would need to assess how and why the North Korean regime had defied confident Western predictions of its imminent demise and broader prospects for regime stability in this uniquely dynastic socialist dictatorship.

Given this circumstance, the Bush administration very appropriately chose to undertake a comprehensive review of U.S. policy toward North Korea. The new policy announced on June 6th sets forth a comprehensive approach toward North Korea, reaffirming support for the U.S.-ROK alliance, and endorsing the historic "Sunshine Policy" of President Kim with the explicit goal of encouraging progress toward North-South reconciliation. President Bush further directed his national security team to "undertake serious discussions with North Korea on a broad agenda to include: improved implementation of the Agreed Framework relating to North Korea's nuclear activities, verifiable constraints on North Korea's missile programs and a ban on its missile exports, and a less threatening military posture."

From a Congressional perspective, it would appear that the ball is now squarely in North Korea's court, both in terms of promptly resuming a high-level dialogue with Seoul, and responding affirmatively to the U.S. decision to proceed with comprehensive discussions with Pyongyang.

Having said that, the result of the administration's policy review raises a number of questions of interest to Congress:

- In terms of process, will the broader Bush agenda combined with its approach of pursuing initial contacts with DPRK at a lower level prove successful?
- What priorities will the U.S. establish in the context of its comprehensive discussions with North Korea?
- With respect to the goals of U.S.-DPRK engagement, the Perry process appeared to lay out a "roadmap" for normalization of relations with the North. If that roadmap was presented to North Korea, does it still reflect U.S. policy?
- What improvements is the U.S. seeking in the Agreed Framework and by what means will we seek to secure North Korean cooperation in effectuating those changes?
- How close was the prior administration to reaching a verifiable missile deal with North Korea, and how will the Bush administration proceed to address U.S. concerns with the development, testing, deployment, and export by the DPRK of offensive ballistic missiles and by what means would we attempt to secure effective verification?
- What will the venue be for U.S. and North Korean discussions of tension-reducing and confidence-building measures relating to the DPRK's forward-deployed conventional forces, and to what extent are we prepared to discuss the status of U.S. Forces in Korea?
- North Korea's current political system has been described as "stability within instability." How long can North Korea continue to successfully "defy gravity," and to what extent are the U.S. and its allies prepared for a crisis in the North that is beyond the ability of its Stalinist leadership to manage?

In any regard, we look forward to the testimony Special Envoy Pritchard and his response to these and other questions.

Mr. FALEOMAVEGA. Thank you, Mr. Chairman. Mr. Chairman, I join you also in welcoming to the Committee this morning Mr. Pritchard, our State Department Special Envoy for Korean Peace Talks and U.S. Representative to the Korean Peninsula Energy Development Organization.

Mr. Pritchard is eminently qualified to serve in this capacity, having served for years with distinction as the Director of Asian Affairs for the National Security Council during the previous Administration.

Mr. Chairman, I also want to commend you for calling this important and timely hearing today to examine the Bush Administration's new policy toward North Korea. Relations with North Korea are crucial, and, as many have long advocated, the Korean Peninsula is one of the most dangerous areas in the Asia-Pacific region.

Testifying recently before the Senate Armed Services Committee, General Thomas Schwartz, the Commander of the U.S. Forces in South Korea, stated that North Korea is the country most likely to involve the United States in potentially a large scale war, whether it be by conventional means or otherwise.

Again, according to General Schwartz, over 70 percent of North Korea's 1.2 million man army, along with 8,000 artillery pieces and 2,000 tanks, are deployed within 100 miles of the DMZ and could easily attack with little preparation. Standing in harm's way are the citizens of South Korea and nearby the capital of Seoul, as well as some 37,000 U.S. servicemen stationed in that country.

To address these concerns is President Bush's new policy, at least it is my understanding it is a new policy, which calls for the more "serious discussions with North Korea on a broad agenda to include improved implementation of the Agreed Framework relating to North Korea's nuclear activities; verifiable constraints on North Korea's missile programs and a ban on its missile exports; and a less threatening conventional military posture." Furthermore, it is my understanding that the President's comprehensive approach calls for support of South Korea President Kim's "Sunshine Policy" and North-South reconciliation.

While the objectives of the new Bush policy are commendable, in many respects they appear to continue the policies pursued by the previous Administration. Diplomatic means are sought to resolve security issues. The working foundation of the Agreed Framework is endorsed, and the Clinton negotiations on long-range missile development and missile exports appear back on the table.

A major and important exception, however, pertains to the Bush initiative to reduce North Korea's conventional military forces and posture. Although the U.S. has traditionally deferred to South Korea in this area, I do support the President's position that the United States must play a greater role in negotiating reduced military force deployments of all parties to lessen the risk of war and to increase stability on the Peninsula.

I think there is no question that we also need to learn from our witness this morning the status of the Perry report, and clarification of the basic elements of this Administration's fundamental policy toward the Korean Peninsula. I also have serious questions about asking that the North Koreans lessen their development of missile systems and how this connects with the Administration's current policy on missile defense systems.

From media reports, Mr. Chairman, there has been tremendous emphasis by this Administration to pursue missile defense talks with just about every country there is in Europe, even Russia, but I find it very curious that hardly anything is mentioned about missile defense when it relates to our allies in the Asia-Pacific region, and that concerns me.

If we are going to be advocating missile defense in concert with European countries, Russia and others, we should be consistent and apply on a balanced and even basis how missile defense is also applicable to the Asia-Pacific region, given the fact that six of the ten largest armies in the world are in the Asia-Pacific region and not in Europe.

Given the fact that our trade with the Asia-Pacific region is twice that of Europe, I am very concerned that there does not seem to be a balanced approach in our policy when it comes to missile defense. There seems to be undue emphasis on Europe.

When we discuss this issue, I hear very little about contacts with our Asia-Pacific allies

Thank you again, Mr. Chairman, and I look forward to Mr. Pritchard's testimony on the issues. I want to hear what our friend this morning has to say on these issues.

[The prepared statement of Mr. Faleomavaega follows:]

PREPARED STATEMENT OF THE HONORABLE ENI F.H. FALEOMAVAEGA, A
REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA

Thank you Mr. Chairman:

I join you in welcoming to the committee this morning Mr. Jack Pritchard, our State Department Special Envoy for Korean Peace Talks and U.S. Representative to KEDO (Korean Peninsula Energy Development Organization). Mr. Pritchard is eminently qualified to serve in this capacity, having served for years with distinction as the Director of Asian Affairs for the National Security Council during the Clinton Administration.

Mr. Chairman, I commend you for calling this important and timely hearing today to examine the Bush Administration's new policy toward North Korea. Our relations with North Korea are crucial, as many have long recognized that the Korean Peninsula is one of the most dangerous flashpoints in the world.

Testifying recently before Senate Armed Services Committee, General Thomas Schwartz, Commander of U.S. Forces in South Korea, stated that North Korea is the country most likely to involve the United States in a large-scale war and their military threat, both conventionally and asymmetrically, is growing.

According to General Schwartz, over 70% of North Korea's 1.2 million man army, along with 8,000 artillery pieces and 2,000 tanks, are deployed within 100 miles of the DMZ, and could easily attack with little preparation.

Standing in harm's way are the citizens of South Korea's nearby capitol, Seoul, as well as our 37,000 U.S. servicemen stationed in that nation.

To address these concerns, President Bush's new policy calls for "serious discussions with North Korea on a broad agenda to include: improved implementation of the Agreed Framework relating to North Korea's nuclear activities; verifiable constraints on North Korea's missile programs and a ban on its missile exports; and a less threatening conventional military posture." Furthermore, as I understand, this comprehensive approach also supports South Korea President Kim's "Sunshine Policy" and calls for North-South reconciliation.

While the objectives of the new Bush policy are commendable, in many respects they appear to continue the policies pursued by the Clinton Administration. Diplomatic means are sought to resolve security issues; the working foundation of the Agreed Framework is endorsed; and the Clinton negotiations on long-range missile development and missile exports appear back on the table.

A major and important exception pertains to the Bush initiative to reduce North Korea's conventional military forces and posture. Although the U.S. has traditionally deferred to South Korea in this area, I support the President's position that the United States must play a greater role in negotiating reduced military force deployments of all parties to lessen the risk of war and increase stability on the Peninsula.

Thank you, Mr. Chairman, for the opportunity to comment briefly on these matters. I look forward to Mr. Pritchard's testimony explaining the Administration's new policy and where our relations stand with North Korea.

Mr. LEACH. Thank you very much.

Mr. Smith?

Mr. SMITH. Thank you very much, Mr. Chairman. I want to welcome Mr. Pritchard as well. Regrettably, the Jackson-Vanick disapproval waiver for Vietnam will be on the Floor so I and perhaps others may have to leave, but I do have your testimony and will read it very carefully.

I do, like other Members of the Committee, have very deep concerns obviously about North Korea, the IAEA and whether or not

there will be full verification of the Agreed Framework. Hopefully there will be a major effort before final implementation of the light water reactor goes forward that all, and I am sure the Administration will insist on this, verification is done and done properly.

In the last couple of years, some of the on site inspections were nothing but farcical in my view, announced way in advance that we would be going to a certain area to determine whether or not there were nuclear material there being used wrongly. If you tell somebody you are coming months in advance, you can be sure that if there was anything in that tunnel it would have been moved. Hopefully we will not be so naive going forward. Of course, when our inspectors went there they said hey, it is as clean as a whistle. Gee whiz.

I do have deep concerns, Mr. Pritchard, and I am sure you will address these and share these concerns about the hunger issue. Some estimates suggest that more than a million people have starved to death in North Korea since 1995, and I know we are trying to be as generous as we possibly can simply with the World Food Program, but also trying to ensure that it gets to people who are starving. I am sure you will touch upon that.

Then there is the refugee situation, which continues to be vexing. There are estimates that on any given day 100,000 North Koreans are in China without permission. It would appear that the PRC has become more hard lined, not less. Perhaps you may be able to shed light on what is being done vis-a-vis the UNHCR to try to be more accommodating for these very, very desperate people who do need help. We know that when people are sent back very often they are sent to labor camps. They are mistreated in a myriad of ways in North Korea once they have been "repatriated."

Finally, the issue of religious freedom. The Religious Freedom Act, which we enacted a couple of years ago, very clearly was intended for all countries, including North Korea. When it was left off the list a few years ago, I expressed my shock and dismay to Ambassador Seipel at the time that even though we do not have access to the country in the way that we would like to verify to get good information on the ground, given the anecdotal and the very large amounts of evidence that religious freedom is crushed in North Korea that it would seem to me that we could presumptively put them on the list very, very easily.

I hope that you might speak to that issue as well. Thank you for being here, and I do thank the Chairman for yielding to me.

Mr. LEACH. Thank you, Mr. Smith.

Mr. Flake, did you want to make a comment?

Mr. FLAKE. Thank you, Mr. Chairman. Thank you for calling the hearing. I have no opening statement. I just look forward to the testimony.

Mr. LEACH. Mr. Pritchard, please proceed. We welcome you again.

**STATEMENT OF CHARLES L. PRITCHARD, SPECIAL ENVOY
FOR KOREAN PEACE TALKS, U.S. REPRESENTATIVE TO THE
KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZA-
TION, U.S. DEPARTMENT OF STATE**

Mr. PRITCHARD. Mr. Chairman, thank you very much for the opportunity to testify before you today. As you know, Assistant Secretary Kelly is traveling with Secretary Powell and was unable to appear before you today.

In his June 12 testimony before this Committee, he indicated that he wanted to get onto the Hill as often as he possibly could and, in his words, "consult and consult and consult." In his absence, Secretary Kelly has asked me to appear before you today.

With the recent completion of our review of the United States policy toward North Korea, this is an excellent time to examine where we stand and how we can move forward and advance the interests of the United States and our allies. With your permission, I would like to make a short presentation, somewhat abbreviated from the testimony we supplied to you, and then respond to any questions that you may have.

After several months of intense discussion with our friends and allies, the Administration concluded its policy review in early June. The President's statement of June 6 clearly laid out the Administration's approach. We are seeking serious discussions with North Korea on a broad agenda that includes missile, nuclear and conventional force issues and humanitarian concerns; many of the things that you have raised in your opening statements today.

We have adopted a comprehensive approach that we believe will further our basic goals of North-South reconciliation, peace on the Korean Peninsula, a constructive U.S.-North Korea relation and ultimately a better way forward for the people of North Korea.

We were guided in our review by several principles. First among them was to place priority on our alliances and supporting progress in North-South reconciliation. If North Korea takes serious steps to improve relations with the United States, we are prepared to expand our efforts to help the North Korean people, ease sanctions and take other political steps as was announced in the President's June 6 statement.

During our policy review, we consulted regularly and often with our key allies. President Bush, as you know, welcomed South Korean President Kim Dae Jung to Washington in mid March. Later that month, South Korea hosted the first of this year's Trilateral Coordination and Oversight Group meetings, or what we refer to as TCOG meetings, with the United States and Japan. The United States hosted a second such meeting in May, and we are currently working to schedule a third meeting, which would be hosted by Japan, in early September.

Our trilateral and bilateral coordination meetings were crucial to the success of our policy review. We benefitted immensely from the exchange of ideas with South Korea and Japan and have been pleased by their public and private remarks in support of our conclusions.

We have also met at senior levels with our European friends and allies, both before and after Swedish Prime Minister Persson's May trip to Pyongyang. We are particularly pleased that the European

Union is urging North Korea to address the various serious human rights concerns that we share.

In the week following the President's announcement of our policy review conclusions, I transmitted to my North Korean counterpart, Vice-Minister Kim Gye Gwan, our interest to hold meetings for bilateral talks. I went to New York the 13th of June to do that. We set no preconditions. The Secretary of State has also enumerated that on many occasions. I deferred to Vice-Minister Kim for his choice of a date and a location to hold these talks.

While North Korea has not offered a direct answer to our offer of talks, they have acknowledged the President's June 6 statement and have not rejected it. What they have done is complained that we are trying to dictate the agenda and that we left out issues that they deem important.

We have told the North Koreans that we have not set preconditions for our talks, and we are willing to discuss all issues. In his press conference in Hanoi, Secretary Powell reiterated the fact that we have not set preconditions and are prepared to talk about all issues. We are working through what we refer to as our New York channel to move the process forward.

From our perspective, we would like to discuss a brief framework on missiles, conventional forces and humanitarian issues in our talks with the North. Our concerns regarding missiles can basically be divided into two areas: indigenous missile development and deployment and missile exports. North Korean efforts to develop intercontinental ballistic missiles pose direct threats to the United States.

It should be clear that North Korea's launching of a long-range missile would have serious consequences for regional security, return the peninsula to a high state of tension, prompt widespread international condemnation and do grave harm to North Korea's relations with the United States.

North Korea's missile exports, as you know, which arm states in already tense regions, threaten U.S. forces and friends in the Middle East and are irresponsible. We, therefore, need to work vigorously, bilaterally and with allies to constrain North Korean missile activities. In particular, we want to pursue discussions with North Korea aimed at reaching agreement to constrain domestic and export programs. As the President has stated, effective verification measures will be an essential component of any missile agreement with North Korea.

We have carefully reviewed the implementation of the Agreed Framework and have stated that the United States will abide by its commitments and expects North Korea to do the same. Indeed, improved implementation of the Agreed Framework provisions relating to North Korea's nuclear activities is one of our top priorities.

With the support of Congress, we will continue to deliver through the Korean Peninsula Energy Development Organization, KEDO, 500,000 metric tons of heavy fuel oil each year until the completion of the first of two light water reactors being built by KEDO.

As you know, the Agreed Framework calls for the DPRK to come into full compliance with its International Atomic Energy Agency safeguards agreement before the delivery of key nuclear compo-

nents can occur. North Korean cooperation with the IAEA will be a top priority in our dialogue with the DPRK.

Although the date for delivering key nuclear components is still in the future, the DPRK must begin active cooperation soon to avoid serious delays in the KEDO project. Cooperation with the IAEA is central to successful implementation of the Agreed Framework and a prerequisite for completing the light water reactors.

There is no question that the most visible threat on the Korean Peninsula comes from North Korea's robust conventional forces and their forward posture. We are determined to work with our South Korean ally to address our shared concerns over this threat.

Last year's dialogue between the two Koreas brought about progress in a number of areas. The two countries' Defense Ministers met for the first time, and President Kim Dae Jung and Chairman Kim Jong Il agreed in June, 2000, to demine a corridor through the Demilitarized Zone so that a rail line could be re-linked. We will continue to closely consult with South Korea on confidence building measures that we can both urge North Korea to support.

Finally, let me note that we will continue to seek to help the North Korean people address their most pressing problems. We will continue to respond to the World Food Program's appeals, and we will also press the North Korean Government to increase the number of monitors and allow the WFP's monitors the freedom of movement that they need to ensure that international assistance reaches its intended recipients.

The United States is well on its way to delivering the 100,000 metric tons of food aid we pledged this past March. The WFP expects an expanded need for assistance from the international community both this year, the remainder of this year, and in the year 2002 as the weather and other conditions have adversely affected this year's poor first harvest, worsening the North Koreans' already serious food shortages.

We will continue to seek to encourage respect for human rights, raising the matter directly with the North Korean Government. We will also continue to work closely with the United Nations High Commissioner for Refugees both as a donor and as a partner to try to ensure that the needs of North Koreans outside of North Korea are met.

Mr. Chairman, I would be very happy to respond to any questions you may have.

[The prepared statement of Mr. Pritchard follows:]

PREPARED STATEMENT OF CHARLES L. PRITCHARD, SPECIAL ENVOY FOR KOREAN PEACE TALKS, U.S. REPRESENTATIVE TO THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION, U.S. DEPARTMENT OF STATE

Mr. Chairman, thank you for the opportunity to testify before you today. As you know, Assistant Secretary Kelly is travelling with Secretary Powell and was unable to appear before you today. In his June 12 testimony before this committee, he indicated his commitment to get to the Hill as often as possible and, in his words, "consult and consult and consult." In his absence, Assistant Secretary Kelly asked me to appear before you today. With the recent completion of our review of United States policy toward North Korea, this is an excellent time to examine where we stand and how we can move forward and advance the interests of the United States and our allies. With your permission, I would like to make a short presentation and then respond to any questions you may have.

CONCLUSIONS OF THE POLICY REVIEW

After several months of intense discussion with our friends and allies and among the experts both in and outside of the U.S. government, the Administration concluded its policy review in early June. The President's statement of June 6 clearly laid out the Administration's approach: we are seeking serious discussions with North Korea on a broad agenda that includes missile, nuclear, and conventional force issues and humanitarian concerns. We have adopted a comprehensive approach that we believe will further our basic goals of North-South reconciliation, peace on the Korean Peninsula, a constructive U.S.-North Korea relationship, increased regional stability, and a better way forward for the people of North Korea. We were guided in our review by several principles. First among them was to place a priority on our alliances and focus on supporting progress in North-South reconciliation.

If the DPRK takes serious steps to improve relations with the United States, we are prepared to expand our efforts to help the North Korean people, ease sanctions, and take other political steps.

INTERNATIONAL COORDINATION AND CONSULTATIONS

During our policy review, we consulted regularly and often with our key allies. President Bush welcomed South Korean President Kim Dae-jung to Washington in mid-March. Later that month, South Korea hosted the first of this year's Trilateral Coordination and Oversight Group meetings with the United States and Japan. The United States hosted a second such meeting in May, and we are currently working to schedule a third in early September.

Our trilateral and bilateral coordination meetings were crucial to the success of our policy review. We benefited immensely from the exchange of ideas with South Korea and Japan, and we have been pleased by their public remarks in support of our conclusions.

We have also met at senior levels with our European friends and allies, both before and after Swedish Prime Minister Persson led the European Union Troika's May trip to Pyongyang. We are pleased that the European Union is urging North Korea to address the very serious human rights concerns that we share.

PROPOSED U.S.-DPRK TALKS

In the week following the President's announcement of our policy review conclusions, I transmitted to my North Korean counterpart, Vice Minister Kim Gye Gwan, our interest in meeting for bilateral talks. We set no preconditions, and I deferred to Vice Minister Kim to select a date and venue. Our interest is not to get bogged down in procedural matters but rather to discuss issues of concern and offer North Korea the opportunity to demonstrate the seriousness of its stated desire for improved relations with the United States.

While North Korea has not offered a direct answer to our offer of talks, they have acknowledged the President's June 6 statement and have not rejected it. They have complained that we are trying to dictate the agenda and that we have left out issues they deem important. We have told the North Koreans that we have not set preconditions for our talks with North Korea, and we are willing to discuss all issues. However, the appropriate way for us to hold our discussions is by meeting for formal talks, not by exchanging statements through our media channels. We are working through what we refer to as the New York channel to move the process forward.

MISSILE ISSUES

Missile issues are important and we will seek to address them in talks with the North. Our concerns can basically be divided into two areas: indigenous missile development/deployment and missile exports. North Korea's own missile development/deployment efforts already threaten U.S. forces and allies in East Asia. Its efforts to develop intercontinental ballistic missiles pose direct threats to the United States and thus are extremely destabilizing. We have taken note of Chairman Kim Jong Il's statement that he will maintain until 2003 the long-range missile launch moratorium. It should be clear that North Korea's launching of a long-range missile would have serious consequences for regional security, return the Peninsula to a state of high tension, prompt widespread international condemnation, and do grave harm to North Korea's relations with the United States.

North Korea's missile exports, which arm states in already-tense regions, threaten U.S. forces and friends in the Middle East and are irresponsible. Missile exports provide the DPRK a key source of hard currency, ways to cultivate outside relations, and a means to support R&D on more advanced missile systems.

We therefore need to work vigorously, bilaterally and with allies and like-minded countries, to constrain DPRK missile activities. In particular, we want to pursue discussions with North Korea aimed at reaching agreement to constrain its domestic and export programs. As the President has stated, effective verification measures will be an essential component of any missile agreement with North Korea. Verifiable constraints on the DPRK missile program will give us confidence that North Korea is abiding by its commitments and thus are vital to meaningful progress in U.S.-DPRK relations.

AGREED FRAMEWORK ISSUES

We have carefully reviewed the implementation of the Agreed Framework and have stated that the United States will abide by its commitments and expects North Korea to do the same. Indeed, improved implementation of the Agreed Framework provisions relating to North Korea's nuclear activities is one of our top priorities. With the support of the Congress, we will continue to deliver through the Korean Peninsula Energy Development Organization (KEDO) 500,000 metric tons of heavy fuel oil each year until the completion of the first of two light water reactors being built by KEDO. Excavation begins at the site this autumn, and the project will reach a major turning point next year when the "first concrete" is poured.

As you know, the Agreed Framework calls for the DPRK to come into full compliance with its International Atomic Energy Agency (IAEA) safeguards agreement before the delivery of key nuclear components can occur. North Korean cooperation with the IAEA will be a top priority in our anticipated dialogue with the DPRK.

In the past, maintaining North Korea's freeze on its nuclear facilities and safely storing the spent fuel from one of its frozen reactors demanded much of the immediate attention. As the KEDO project switches into high gear, however, the DPRK's cooperation with the IAEA will become increasingly important. Although the date for delivering key nuclear components is still in the future, the DPRK must begin active cooperation soon, to avoid serious delays in the KEDO project. Cooperation with the IAEA is central to successful implementation of the Agreed Framework and a prerequisite for completing the light water reactors.

CONVENTIONAL FORCES

There is no question that the most immediate and pressing threat on the Korean Peninsula comes from North Korea's robust conventional forces and their forward posture. We are determined to work with our South Korean ally to address our shared concerns over this threat.

Last year's dialogue between the two Koreas brought about progress in a number of areas, including the military realm. The two countries' Defense Ministers met for the first time, and President Kim Dae-jung and Chairman Kim Jong Il agreed in June 2000 to demine a corridor through the Demilitarized Zone, so that the railroad running from Seoul to Sinuiju could be re-linked.

We will consult closely with South Korea on confidence-building measures that we can both urge North Korea to support.

HUMANITARIAN CONCERNS

Finally, let me note that we continue to seek to help the North Korean people address the most pressing problems, including starvation and oppression. We will continue to respond to the World Food Program's appeals, and we will also press the North Korean government to increase the number of monitors and allow the WFP's monitors the freedom of movement that they need to ensure that international assistance reaches its intended recipients. The United States is well on its way to delivering the 100,000 metric tons of food aid pledged in March for WFP's DPRK relief program. WFP expects an expanded need for assistance from the international community both this year and in 2002, as this year's poor first harvest has worsened North Korea's already serious food shortages.

We will continue to seek to encourage respect for human rights, raising the matter directly with the North Korean government. We also will continue to make our views clear through such publications as our Country Report on Human Rights Practices and our Report on International Religious Freedom.

We will also continue to work closely with the United Nations High Commissioner for Refugees, both as a donor and as a partner, to try to ensure that the needs of North Korean asylum seekers are met. We are concerned by the plight of North Korean refugees, and we commend the Chinese government's decision to allow seven North Korean asylum seekers to leave the country in June.

I would be happy to respond to your questions.

Mr. LEACH. Thank you very much, Mr. Pritchard.

Let me say to the panelists to begin with that we will stick pretty precisely to the 5 minute rule, but I would expect a second or third round of questions, so if Members have further questions you will be given that opportunity.

Let me just begin by saying some have described the North Korean system as stability within instability, and it is always a question given the history of centralized repressive regimes in the last generation to note that there seems to be a gravity that moves against them.

How long can they defy this gravity? What happens if a crisis develops that is beyond the capacity of this particular kind of system to deal with? Do we feel that is a likelihood? What kinds of options do you have on the table?

Mr. PRITCHARD. Mr. Chairman, thank you very much. I think it is a very good observation. For many years, and I can remember in 1993 people pointing out a very unstable situation in North Korea and predicting by the year 1994 or at the very least 1995 there would be a collapse of the North Korean Government.

That clearly has not occurred, and I think your characterization is precisely what is happening. There is a degree of stability within instability here. I would not hazard a guess as to how long it will continue, but I think that what we must do is take at face value what that government is, how they are dealing with their people and pursue international interest in that context.

You asked do we have plans on the table and how do we deal with any such implosion, if you will, with North Korea. We have, and I have seen it over the last several years in a continuing and growing, very robust consultative process with not only our allies in the Republic of Korea, but also Japan. We have periodic discussions with China as well.

I am sure that we all want to avoid that situation, but if there were any degree or signs that this were occurring, a discussion with South Korea would be our first line of defense in this area.

Mr. LEACH. Thank you. How close was the last Administration to concluding a verifiable missile deal with North Korea? I put the stress on verifiable.

Mr. PRITCHARD. There certainly was a lot of speculation in the press in terms of where they were and how close the previous Administration had come, but the reality of this was there had not yet begun a serious discussion on verification. It certainly was in the cards, but it did not occur.

There was a brief discussion in the early part of November following the Secretary of State's visit on the 24th of October with Pyongyang, but that discussion did not ripen at all. I would not want to suggest to you that there was in any form or shape a verification discussion that occurred.

Mr. LEACH. Lastly, the Perry process appeared to lay out a road map for normalization. Does that road map still stand? Is there any prospect? Are the two sides, and by the two sides I really mean the other side, prepared to take the kinds of steps that will lead to that end result?

Mr. PRITCHARD. Mr. Chairman, as you know, Dr. Perry laid out a path, really a two path formula, one which was cooperation and

one that resulted from the lack of cooperation. It was never detailed as to what that second task would be. There was a re-engagement along that first path.

What I would say in regard to your question is this Administration, as it began the review process of our North Korean policy, took into effect not only Dr. Perry's review, but some of the actions that had occurred toward the end of the previous Administration, incorporating into this policy those items that we believe were successful and that we want to continue to carry.

They also did a very thorough examination and embedded new issues, placing emphasis, as the President has indicated in his 6 June statement, on verification if I can just say in a much more front loaded manner so that both the North Koreans and we would understand where we were headed to a possible agreement on the missile issue.

They have also incorporated a comprehensive approach trying to go across all spectrums of the Agreed Framework, the conventional missiles and humanitarian concerns, and wanted to avoid any of the stovepipe negotiations that were not successful in the past.

Mr. LEACH. I appreciate that. Just let me say in conclusion as a general framework I would say Congress is strongly behind the Administration in their basic approach to North Korea, particularly the security concerns, and at the same time is very willing to be compassionate on the food issues. I think you will see continuing support on Capitol Hill for everything that applies people to people, humanitarian concerns. Thank you.

Mr. Faleomavaega?

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. Again, I want to thank Mr. Pritchard for his fine statement this morning.

You indicated in your statement about the two basic facets of our missile issue, one of missile deployment and also one of missile exports, which I think it is a valid description of the seriousness of the problems that we face with North Korea.

Where did North Korea get its technology to deploy and fire missiles in the first place, even though they may not be accurate? Obviously they got the technology from some other country. What is your understanding of this?

Mr. PRITCHARD. My understanding is that in the early days in their relationship with the former Soviet Union that the technology and cooperation originally came from there. The North Koreans over the years have done their own reverse engineering and their own R&D to get to the point where they are now.

Mr. FALEOMAVAEGA. On the question of missile exports, can you state for the record to which countries North Korea currently exports missiles?

Mr. PRITCHARD. I do not have that whole list, but I would be very happy to provide it to you.

Mr. FALEOMAVAEGA. Okay. Can you just kind of give some examples of some of the countries that North Korea is currently exporting missiles to?

Mr. PRITCHARD. There is concern, as I understand it, and I do apologize. I do not have the specific information, but the concern with the export of North Korean missiles to the Middle East, to

Iran, to Iraq. We are concerned that other missile technology may be in discussion with Pakistan.

Where we do have that information, as you know, we are required to sanction North Korean entities. That has occurred in the past. I will take this on and make sure that I give you a full description.

Mr. FALEOMAVAEGA. Are we currently sanctioning North Korea for exporting missiles to countries like Iran?

Mr. PRITCHARD. There are, as I recall, currently sanctions involving North Korea because of its missile transfers, yes. These are sanctions that lasted 2 years at a time, and there have been a series of these in the past several years. They have not expired.

Mr. FALEOMAVAEGA. I know there is some humor placed in the fact that when North Korea fires missiles, they are not very accurate. Are we to continue with some levity despite the fact that while they may not be accurate, they can be fired over Japan?

The fact is that when a missile lands it does not show prejudice in what it destroys. It can also be fired at Seoul or any other city that is close by. What maximum distance do the North Koreans now have in their missiles? Obviously they can fire missiles at Seoul, but what is the maximum distance and what other countries are within range?

Mr. PRITCHARD. Let me answer by saying that I certainly do not know, and I do not know anybody in the Administration that has any degree of levity over the issue of North Korean missiles because, as you pointed out, North Korea is in range. All of North Korea's missiles are in range of Japan.

Our concern is their development of the intercontinental ballistic missiles that ultimately could reach parts of the United States. For example, there is a concern that it would be able to reach Hawaii, parts of Alaska and the west coast. Continued development would increase that range.

As a father and a grandfather whose son is on active duty and spent 3 years in Alaska, I do not find the issue at all amusing that a missile could be launched anywhere near my family.

Mr. FALEOMAVAEGA. There is the whole issue of Kim Dae Jung's Sunshine Policy, as it is now being implemented. There is some criticism that it is a facade and that really there is no serious effort on the part of North Korea to support reconciliation.

Can you share with the Members of the Committee—how North Korea and South Korea became separated? How did the split ever come about in the first place? As I understand this was not because of a voluntary effort on the part of the North Koreans to be separated. This was something that the Korean people never had any choice.

I know some of my colleagues on the Committee do not agree with the Sunshine Policy, but I do. How serious is the Administration in supporting President Kim's current efforts for reunification? Is there any discussion in the Administration that North and South Korea might some day in the future reunify?

We have looked at East and West Germany as almost an impossibility, but now it has taken place. Do you think that North and South Korea may rejoin as a nation?

Mr. PRITCHARD. I have no doubt that sometime in the future, and I cannot hazard a guess, there will be a reunified Korean Peninsula. This Administration is very clear in its support of President Kim Dae Jung and his policies, his sunshine policy or, as he has later called it, his engagement policy.

While there have been some concerns raised in the press and other places about reciprocity from the North, if you take a look at what has occurred particularly over the last three and a half years of President Kim's presidency, significant accomplishments have occurred.

I do not think anyone would have thought that there would have been the June, 2000, meeting between the two Presidents and Pyongyang or that there would be the hoped for reciprocation of the visit by Chairman Kim Jong Il in Seoul.

The opening of work on the DMZ to demine, family unifications and the lack of provocations that have occurred over the last couple years all point to some success in this policy, and this Administration fully supports President Kim Dae Jung.

Mr. FALEOMAVAEGA. It is my understanding from the media reports that the country that feels most threatened directly by North Korea's missile development is Japan.

Am I correct in this, or are there other countries in the Asian region that really have been very vocal about the threat of missile deployment on the part of the North Koreans? Have other countries in the Asian region expressed similar concern as Japan?

Mr. PRITCHARD. Well, as you take a look at the range arcs of what is currently deployed, and what you are referring to from the Japanese point of view are the large number of nodong missiles that are deployed in North Korea. When you put that arc out there, it really does not reach other countries in Asia as directly as the missile threat is to Japan.

Now, certainly it would for China, and I believe China has a shared concern that we have about moving toward a more stable and less threatening peninsula.

Mr. FALEOMAVAEGA. I will wait for the second round, Mr. Chairman. Thank you.

Mr. LEACH. Thank you, sir.

Mr. Flake?

Mr. FLAKE. Mr. Faleomavaega brought up the aspect of reunification, however distant. Are there real fears in South Korea for such a unification like what we have seen in Germany?

That is not in the cards, I assume, as far as South Korea is concerned, given the economic disparity. North Korea would simply overwhelm the South. Is that the State Department's assessment as well?

Mr. PRITCHARD. Well, what I would like to do is certainly allow the Republic of Korea to speak for themselves on that issue, but I think that in our discussions both formally and informally with Seoul they have taken a very serious look at the reunification that occurred in Germany, understand the costs involved, the disparity between North and South, what it might entail in the conciliation on the peninsula itself.

They have calculated that, and they take that into mind. Part, as I understand Dae Jung's policy toward reunification, would be devoid of a lot of the pitfalls that you are referring to.

Mr. FLAKE. You mentioned that an area in the DMZ was demined to allow train travel through. What is envisioned there?

Mr. PRITCHARD. To be clear, the work has been done primarily on the south side of the demarcation line with some preparation and work in the north. The work in the north is not going on at this moment. They have stopped that work.

Ultimately that line was part of an agreement that was reached in June of 2000 when President Kim Dae Jung visited Pyongyang, and they envisioned a corridor, a traditional corridor there of rail traffic for economic purposes back and forth.

Mr. FLAKE. What is the long-term outlook in terms of food security in North Korea? We hear reports that given the shortages in the past and whatnot that we are already starting to see differentiation in height and weight of children up to 10 years old, differences between North Korea and South Korea. Are we going to see that exacerbated in the near future, or are there moves being made to rectify that?

Mr. PRITCHARD. This is a particularly wrenching subject because international organizations have seen differences in North Korean children—stunted growth, malnutrition, et cetera—that is going to be with them for many years to come. I mean, those children will not recover.

It is important to understand that the situation in North Korea is not going to change for the foreseeable future; the lack of ability to sustain itself that really came forward with the collapse of the former Soviet Union and differences with China in terms of trade concessions, et cetera. They are not going to be able to make up for food shortages. They are unable to grow a sufficient amount of food to provide to their people. It has been traditionally in the last several years in the range of minimum standards of a million or more tons shortfall. We expect that is going to continue.

International organizations, particularly the U.N.'s World Food Program, is doing a tremendous job in trying to alleviate what would otherwise be a famine and to target precisely those North Koreans that you have mentioned—children, pregnant women, elderly. There has been some success, but it is going to have to continue.

Mr. FLAKE. Is there sufficient concern among the leadership in North Korea about these issues of food security that would allow us to use any leverage we might have or other countries to get the kind of verification we want on nuclear facilities and whatnot, or are they just willing to let the people suffer?

Mr. PRITCHARD. Well, again I will not speak for the North Korean Government nor its attitudes about its people.

Your question I think was very focused on how we might use leverage. In the past, at least in the last several years since this current round of want for food in North Korea has occurred since the 1995–1996 era, the United States has been very generous in its response to an international appeal, specifically the WFP. We have not had the direct linkage in terms of withholding food to those most in need to try to use it in other ways.

I will tell you that in negotiations North Koreans believe that there is such a linkage, but it does not enter into the calculus that we have in terms of why we are supplying food aid.

Mr. FLAKE. I am not suggesting that it does or should. I am just wondering if there is concern among the leadership in North Korea.

Mr. LEACH. Thank you, Mr. Flake.

Mr. Royce?

Mr. ROYCE. Thank you, Mr. Chairman, for holding these hearings.

I wish to discuss briefly that issue that Mr. Flake raised. I think it is pretty clear that the government of North Korea is not in any way concerned about the health or well-being of people in rural areas of the country because I think we have enough documented evidence of interviews with individuals in rural areas of the North who are starving and who indicate that they get none of the food aid. The food aid, to the extent that the administration in North Korea can direct it, goes instead of Pyongyang and goes to the military on the border.

We had an exchange, an inter-parliamentary exchange, here 2 weeks ago with the U.S. and South Korea parliamentary exchange program. In that exchange, we heard the views of seven members of the National Assembly in South Korea.

I told our colleagues there my concern is that with the sunshine policy what we might actually end up doing is not changing North Korea, but instead in some way strengthening the regime. I also shared that that may be a risk worth taking. We are taking that risk, but in so doing it bears constant watching. It bears our willingness to show a little political courage to act and to speak out when these arrangements are not followed.

When there is no follow up to the sunshine policy, I think we need to be. When there is no follow up to the summit, when we see exchanges of people who have waited for 50 years in the South, and they are allowed for a period of hours to meet with their relatives, and we find that there is only a few hundred who have the opportunity. I think we need to be blunt and talk about the fact that, you know, in our critical judgement these initial overtures are not being reciprocated, and so my concern is that in trying to engage and change North Korea we do not let our guard down.

I know that the reports that I have received show that the North Korean military is continuing to build up its operation. The war machine continues with what hard currency it can get its hands on to continue to expand. At the same time, I hear reports that there might be some unrealistic attitudes on the part of South Koreans about what they anticipate from the North. As a consequence, support for U.S. presence there might be lessening.

One of the things I wanted to ask you is your impressions of mainstream South Korean views, their expectations about North Korea. We understand the Korean people have suffered, you know, greatly through war and family separation, but are there unrealistic expectations of what may be accomplished here in the foreseeable future with sunshine? What would the implications for U.S. policy be as a result of that?

The other observation I would make is in your written report you note, "We commend the Chinese Government's decision to allow

seven North Korean asylum seekers to leave the country.” As you know, things have changed drastically since you had an opportunity to type that report because the Chinese Government in fact is now conducting a wholesale campaign to round up tens of thousands of North Koreans as of several days ago and offering bounties and rewards for turning them over. These North Koreans are then turned back to the North Korean Government. We already know from interviews that as a consequence they will go to concentration camps. Many will be killed.

My other question is what can we do in tandem with the international community to lessen the amount of abuse and the prospect of death for those who have tried to escape? If I could hear your views on those subjects?

Mr. PRITCHARD. Thank you very much. You have raised a number of very important issues, and hopefully I can respond to each of them.

One of the things that you discussed was the food aid itself in terms of some of it not going to needy and rural areas. Currently the WFP is able to get its monitors into 167 out of 211 counties. That is a shortage of 44. Most of those are areas that you have described. They are mountainous. They are rural. They are precisely the places where people are most in need.

That will be one of the things that we will be working with the WFP and hopefully will be able to increase the access of the WFP monitors, increase the numbers and get the type of access in terms of random movement that would go a long way to understanding whether or not this food aid is getting fully out to the number of people. As I had mentioned earlier, the WFP has made a remarkable difference in those lives that they have targeted, and hopefully that will continue.

With regard to the numbers of North Koreans that are currently moving out of North Korea on a temporary basis, figures that I have indicate that at any one point in time there may be 50,000 to 100,000 North Koreans in a temporary migrate looking for food, looking for shelter, going back, providing to their family.

The situation there that you have pointed out is of concern. We are working both, as I mentioned in the testimony, as a donor—we provide some 25 percent of the UNHCR’s budget—and as a partner working with them trying to increase the efficiency of the operations, knowing that we are very much concerned about what is happening there.

A little further on that. You have indicated that there has been a crackdown in recent days since the release of the seven asylum seekers from China a couple of weeks ago. My numbers do not come close to what you are suggesting, but the point is very clear that things are happening that we do need to keep our eye on. We need to work closely with UNHCR. I do not have a ready answer for you, but it is something of concern.

Mr. ROYCE. I do not know if my source, and I cannot recall now if it was the economists or the Far Eastern Economic Review, but the data does indicate that several thousand have been rounded up.

As far as your estimates, the estimates that I have seen are pretty routine at 100,000 North Koreans that live in China and, frank-

ly, exist in a very precarious arrangement. I think we know the data in terms of what happens when they are returned. You know, we have got plenty of evidence from people who have been returned. To my knowledge, all the evidence I have seen is that they are taken to concentration camps basically where they are given terms from 6 months to several years. On top of it, many of them are simply killed outright. This is a disincentive campaign in order to convince North Koreans not to migrate into China, not to try to escape.

I would just suggest we need to redouble our efforts here working with the international community. We certainly need to bring it up with the Chinese Government so that they will help us in a more humanitarian approach here.

I think that by downplaying it, and I will be happy afterwards to give you what sources I have, but I have read a lot of reporting on it, and certainly the South Korean sources that we have also can indeed authenticate what I am telling you, but I appreciate you appearing here today.

Mr. PRITCHARD. Thank you very much. I certainly do not mean to downplay it at all, and I share the concerns that you have expressed. I would be very happy to share any additional information that we have.

Mr. ROYCE. Thank you. Mr. Pritchard, I will be with you on the subject. I appreciate it.

Thank you, Mr. Chairman.

Mr. LEACH. Thank you very much.

Mr. Kearns? Excuse me. I am sorry. Mr. Meeks has come in. Do you wish to—

Mr. MEEKS. I will pass right now.

Mr. LEACH. All right. Mr. Kearns?

Mr. KEARNS. Thank you, Mr. Chairman, for holding this important hearing, and thank our guests for appearing before us today.

North Korea's industrial economy has collapsed and has been in collapse for several years. There have been indications that they have cannibalized many of their industries in order to fulfill some of the needs of the military.

Do you have an idea of how much cannibalization of factories, of goods, materials and of food commodities is actually being diverted from production to fuel the military and food being moved from homes of families to the military?

Mr. PRITCHARD. Mr. Kearns, I do not have precise data, but let me share with you what I do know. In terms of food diversion, I would not speculate, and I do not know, what, if any, is being diverted within the North Korean system. They certainly have a priority in the distribution of food that does go to the military and does go to an inner circle.

The military itself also runs and has access to its own supplies of food. The only distinction I would make here is that I would not suggest that any significant amount of food is being diverted from the international community, the WFPs. We have anecdotal references to some diversions, but by and large it is being monitored and going to where we do want it to go.

With regard to your question about cannibalization, I cannot speak to that directly other than from an anecdotal. We have re-

porting, as I am sure you also have access to, that suggests that the industrial base, when you pick a baseline year of some seven, eight, nine, 10 years ago and what it is running at in terms of capacity is significantly lower. It is in a very poor state.

We have reporting of individuals who have been there who have indicated to some degree the cannibalization that you are talking about, but I could not give you anything that would resemble an authoritative answer on that.

Mr. KEARNS. Sure. Another question to what extent you can answer this. The development of chemical or biological weapons and exportation of these weapons to other countries or to individuals. Can you talk about that a little bit?

Mr. PRITCHARD. Let me first offer in other than an open session to provide or to have the appropriate intelligence agencies provide you information on that. I do not have any public information to suggest one way or the other.

Mr. KEARNS. Okay. Thank you very much.

Mr. LEACH. Mr. Meeks?

Mr. MEEKS. Basically I was just trying to briefly review the testimony. I just wanted to ask. I know that there was a food shortage over part of North Korea, and I was wondering what, if anything, has happened and whether or not there has been any talk with reference to humanitarian interests of those that may be suffering from the lack of food.

Mr. PRITCHARD. Mr. Meeks, this is a very important issue. The North Koreans have been suffering a food shortage for the last several years, and they will continue to the foreseeable future not to be able to produce enough food to supply their people. The World Food Program has done an excellent job, and will continue to do so, in providing food to targeted audiences—children, expectant mothers, elderly, people like that that are most vulnerable.

The United States has been very generous in its support of the WFP. Over the last several years we have provided a combined total of 1.5 million metric tons of food aid. It has made a difference. Lives have been saved, and it is something that we are going to continue to watch and continue to provide assistance through the WFP for the North Koreans in this regard.

Mr. MEEKS. Thank you.

Mr. LEACH. Thank you.

Let me return for a second to the food issue. There are reports that much of Asia is in some difficulty in production this year. Have you followed this? It may have some implications for what China can provide. What is your assessment on Chinese production this year?

Mr. PRITCHARD. Yes. Again I do not have precise Chinese figures, but the Chinese have provided the North Koreans over the years a certain level of food assistance, and I expect that that will continue.

As you know, this past year the Republic of Korea has provided almost 600,000 tons of food aid. In the same time, the Japanese Government has provided some 500,000 metric tons of rice. In this particular cycle, there appears to be a sufficient amount of food that can go in from the international community, but we will cer-

tainly keep our eye out for any reductions that might affect the ability of other donors to contribute.

Mr. LEACH. Secondly, I just think the framework has to be stressed that we are really prepared and have to be prepared on the compassion side with people and food. We see the statistics that seem in one sense large, but it is hard to relate a million metric tons or a hundred million metric tons to actual people in that these are correlations that are difficult to make.

When you read that hundreds of thousands are malnourished and that death has actually occurred at rather startling levels due to famine, you know, there is a question whether the correlations actually are of a magnitude that are sufficient. One of the problems with closed societies is it is hard to get in and examine, but I think that should be as high a priority as we have.

Secondly, I have been very concerned over the years, and I do not necessarily fault the Department of State, but when you deal with closed societies of this nature the process issues of discussion can be very difficult. It has always struck me that a great deal of attention ought to be paid to process, as well as to policy.

Policy is really self-evident, and it does not take a genius to recognize what should be our goals. It does take an art to come up with the processes that reach these goals. In some ways in our own internal systems, I think process is America's most important product, and governs how we resolve issues.

In diplomacy it is not self-apparent with closed societies how you get the process and apply it. You have spoken of the New York channel. Presumably you mean the relations at the United Nations. I would think that really the heart of our discussions with the North are to develop the kinds of process relationships that can lead to results. I do not have any great sense of confidence that even that has been close to being achieved.

Would you care to comment on that?

Mr. PRITCHARD. Thank you very much, Mr. Chairman. Let me just clarify, if I may, what we refer to as the New York channel. It does refer to the DPRK's mission at the United Nations that allows them to have a permanent presence in the United States.

They have over the last several years really identified a point of contact, which we at the Department of State and other agencies can make contact with on a regular basis. Currently it is their Deputy Permanent Representative, Ambassador Li Gung.

This is done, and I use it in the terminology that it is a working channel, which means that this is not something that we need to make reservations for in advance. They are part of formalized talks, but our director of the Korea desk at the State Department has the ability to pick up the phone directly, go up to New York, talk about all kinds of issues from the mundane to issues that we may have in implementation of the Agreed Framework or to further the process that we have undertaken in the last couple of months as the basis because of the review process. It is not an end, but really a channel that allows us because of our inability to meet or talk directly to counterparts in Pyongyang, and we use that very frequently.

When I referred to my trip to New York, I met with the Permanent Representative, Ambassador Li Hung Cho, along with Amba-

sador Li Gung. It was part of the process in which I passed a letter from me to my counterpart, Vice-Minister Kim Gye Gwan, outlining the conclusion of the review and our willingness to enter into serious talks and again, as I mentioned, to allow the North Koreans to pick and choose where and when they would like to enter these negotiations. We were very flexible in that regard.

Process can be a very important factor in dealing with North Korea. Let me see if I can understand and then respond to the heart of your question.

Mr. LEACH. Let me be very, very precise. I mean, what you have described is a very frail process, not a robust process, of dealing with a deputy at their commission in New York on affairs of State between two countries. Now, that is clearly better than nothing, but it is embarrassingly frail.

Secondly, we all know that the situation is unstable within the North, and still we have an unstable situation between the North and South. If we confront a series of misjudgments or emergencies, we have suggested that the Korean subcontinent is the most unsettled situation in the world, one in which it is most likely the U.S. forces would be used on a massive basis in an emergency setting.

I have no sense that if tension suddenly mounted that the United States Government has the capacity to pick up the phone and call appropriate officials in North Korea. It seems like an official at a moderately low rank at the Department of State can call someone at a moderately low rank in New York representing the North Korean Government. That is not good enough. In fact, that is staggeringly insufficient.

Saying that, it is not something that I necessarily blame the Department of State because you are dealing with a terrifyingly irrational government on the other side, but I think all of the focus should be on process. I am not convinced that we are really there yet, and part of it is the other side is not there. That has got to be worked out and made more forthright and more forthcoming.

Mr. PRITCHARD. If I may, Mr. Chairman, just say a couple of things? As this Administration gets underway in our engagement with North Korea, there will come into play channels that have existed in the past that have, because of the change in the Administration, because of the review process, because of any number of reasons, do not currently exist in a vibrant way.

There will exist the ability to call directly to North Korea, but on a very informal basis. We have phone numbers. We have the fax. That is possible, but we have not reached that in this last several months. I take your point. It is very important.

Imbedded, if I may, in the agreed framework is a desire to open up diplomatic relations down the road at a certain point. We have in the past emphasized to the North Koreans the importance in value of having liaison offices opened in capitals. We, of course, look at this as a way to conduct the Consular Affairs kinds of activities that we need to support any Americans that may be in North Korea. We have not gotten there, but we do have the goals to get there.

Mr. LEACH. Mr. Faleomavaega?

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I also would like to echo you sentiments expressed earlier that the Administration

must place a higher priority on Korean development. Ever since I can remember of the years that I have served on this Committee, the Korean Peninsula has always been one of the top, top priorities.

It has been demonstrated by the Clinton Administration how important they viewed Korean relations. I get a sense from this Administration that we will talk to them if they talk to us. It is almost like a passive sense of concern whether there really is a crisis in the Korean Peninsula.

This, in my humble opinion, is a very serious issue, and I certainly hope that the Administration will place a greater focus on the implications and the problems emanating from the relations between North and South Korea.

Other than laying the foundation for the President's visit in China this October, what is the Administration's hope with Secretary Powell's current visit to Hanoi for the ASEAN Regional Forum meetings? Is the Administration very serious and hopeful in establishing dialogue with the representatives of the North Korean delegation at these talks?

Is the Administration very serious about pursuing a firm dialogue with the North Korean officials with what we understand to be a very important issue to our national security?

Mr. PRITCHARD. The President, in his statement of June 6, made it very clear that this Administration viewed this as a serious issue. We do want to have a broad range of discussions with the North Koreans.

Let me go specifically to your reference to Secretary Powell's visit to Hanoi for the ARF Post-Ministerial Conference. As you may be aware, the North Korean Foreign Minister did not go to ARF. They instead chose to send their roving Ambassador from their Ministry of Foreign Affairs, Ho Jong.

Secretary Powell did meet with him, as he did with all of them. They briefly met him. The North Koreans clearly were not in a mode for discussion at ARF as it has been described by me. Now, that meeting is already over with, and people are beginning to move on to the next destination. It has been described to me as one of which the North Koreans were very reluctant and withdrawn. They did not engage the South Koreans, nor did they engage the Americans.

This Administration is very serious about the issues on the Korean Peninsula.

Mr. FALEOMAVAEGA. Is our country not the largest donor country in the food assistance program? What is it, in excess of \$100 million of food aid that we have given to the North Koreans? Am I correct on this?

Mr. PRITCHARD. My assumption is that we are the largest, but what I would say is that we are the largest donor to a very specific and targeted audience of young children, expectant mothers and those that are most in need, and it is in excess of \$100 million.

Mr. FALEOMAVAEGA. And there has been proper verification that the food assistance does literally go to those people who are economically destitute and without food and sustenance?

Mr. PRITCHARD. Right. As you know, our food aid goes almost exclusively through the World Food Program. We have had in the

past some programs with American private volunteer organizations that have done distribution and monitoring, but we are given good reporting from the WFP that suggests this food is in fact going to the targeted audience.

Mr. FALEOMAVAEGA. Congress currently is deliberating the defense budget somewhere around \$320 billion. Is there any estimate of the current dollar value of what the North Korean Government spends on is giving to its military?

Mr. PRITCHARD. I do not have that information, but I can try to get it for you.

Mr. FALEOMAVAEGA. Can you please provide that for the record? I am curious.

Years ago when I visited South Korea, in some of my meetings with officials there, I was given the understanding that while North Korea is destitute as far as economics, it has tremendous potential including substantial mineral resources.

There again, what is the population again of North Korea?

Mr. PRITCHARD. Between 22 million and 24 million.

Mr. FALEOMAVAEGA. And South Korea?

Mr. PRITCHARD. Fifty-four million.

Mr. FALEOMAVAEGA. Fifty-four million?

Now, South Korea has tremendous high-tech and educational assets, and one of the top five economies in the whole Asia-Pacific region. If there is unification down the line, do you see the Korean people and the Korean Government becoming an even greater economic power?

The situation in North Korea was brought to my attention years ago, when Senator Inouye visited North Korea and one of the first things they noticed in the capital was the absence of birds. They did not hear one chirp anywhere—giving them a very eerie feeling. You can go to some capitals with no trees and still see birds flying all over the place. Not in the capital of North Korea. Why do you suppose this is? I fear it is because of the lack of food and they have eaten all of the birds. Even those basic elementary things are not in existence.

Has there been any discussions about the economic potential of North and South Korea unifying in terms of economics, trade?

Mr. PRITCHARD. I do not believe that is a mature discussion because right now, as you very well know, the Republic of Korea is a tremendously advanced and technological nation. Its potential is unlimited.

Now, you have to factor in when reunification comes there is going to be a good deal of resources that will have to go north to bring up standards of living, so there may very well in a practical sense be a decrease in the overall capacity of a unified Korean for some short period of time.

Beyond that, you have a very industrious and capable Korean people that will certainly rebound, but I could not speculate, nor have I heard a discussion of that.

Mr. FALEOMAVAEGA. You mentioned in your statement about the operations of the International Atomic Energy Agency, the IAEA, for purposes of verification of N. Korea's nuclear commitments. I do not have very much faith in the ability of the IAEA in light of its past operations, if you will.

I recall a couple of years ago there were some 60 scientists from all over the world under the auspices of the IAEA to review France's nuclear testing program in Tahiti. The IAEA issued a glorious report about the environmental safety of Morurova Ator after the detonation of 200 nuclear bombs exploded in the South Pacific by the French Government.

Now this so-called glorious report has been contradicted by uncontrolled emissions of nuclear leakages coming out of this island. The French Government is trying in every way possible to lessen public knowledge and understanding of the dangerous contamination caused by their nuclear bombs that were exploded in the South Pacific region.

I am concerned that the IAEA, in my humble opinion, is not doing its job. Maybe it is because of limited resources or maybe because of so much political pressure given by the powers that be that we do not get very credible or fact finding and investigations.

I do not want to get into the Iraq situation, but I guess the current Administration does have faith in the IAEA to do this kind of verification in North Korea. Is this currently the position of the Administration?

Mr. PRITCHARD. Let me begin by saying that I can only speak to the IAEA's work on the Korean Peninsula and would not be qualified to talk about any of the other subjects.

Early on in my tenure as Special Envoy I made a decision to go to Vienna and to meet with the IAEA to receive their briefings to get a good understanding of their plan of how to proceed with the compliance issue with North Korea.

I have been confident in the past. I am redoubled in my confidence that the IAEA is the right agency. They are on the ground. They have been there continuously since 1994 when the Agreed Framework was put in effect, and I believe that they can do their job.

Mr. FALEOMAVAEGA. Am I to be firmly clear that the current Administration's fundamental policy is that in every aspect of dealing with North Korea that we will have the closest and the highest levels of consultation with the South Korean Government?

Mr. PRITCHARD. That is absolutely correct. On a day-to-day basis at very senior levels here in Washington we have a very able mission. In Seoul we are in very close senior level contact.

As you know, Secretary Powell is traveling now from Hanoi to Seoul. He will meet with Foreign Minister Han, along with President Kim Dae Jung. These are as high as we could get, and we will continue to do so.

Mr. FALEOMAVAEGA. I sincerely hope so because I must say that the previous Administration failed in that respect. I recall President Clinton visiting China, but not closely consulting with our Japanese allies. The Clinton Administration went to North Korea and I do not think they held close consultations beforehand with the South Korean leaders.

I hope that there will be a better sense of emphasis in consulting with our allies, especially a nation like South Korea, which is one of the top 10 economies in the world.

Mr. PRITCHARD. It is very high, but because of the recent decline it may not be as high as you last recall.

As I mentioned in the testimony and would reiterate, our guiding principle as we went through the review was the emphasis on our alliances and to support the reconciliation process and that of the sunshine policy of President Kim Dae Jung. That has been our guiding policy, and it will continue to be so.

Mr. FALEOMAVAEGA. I sincerely hope so, Mr. Pritchard, because, let me tell you, as a grunt in Vietnam in 1967 and 1968, the only people I saw around next to me were the South Korean soldiers. To say who our real friends are, when the chips are down, as far as I am concerned, the South Koreans were our real friends—the only friends—that we had in Southeast Asia.

I hope we will never forget that experience and the fact that the South Korean people not only love democracy as much as we do, but the fact that we do deal with them in the most honest and forthright manner and give them their due respect in working with South Koreans at the highest levels of their government, I sincerely hope our Government will be able to assist a resolution of the conflict in the Korean Peninsula.

Thank you, Mr. Pritchard. Thank you, Mr. Chairman.

Mr. LEACH. Thank you.

Mr. Chabot?

Mr. CHABOT. Thank you, Mr. Chairman. I will be brief in my questions.

First, Mr. Pritchard, let me apologize for not having actually been here during the course of your testimony. I will review it afterwards. As so often happens around here, we had several hearings going on at the same time, and I was called to the others.

First, are the members of KEDO, namely the U.S., South Korea and Japan, prepared to halt construction of the light water reactors if North Korea has not permitted the International Atomic Energy Agency to take steps that the IAEA deems necessary to complete its verification tasks under the agreed framework? Have our KEDO partners made their views clear on this issue?

Mr. PRITCHARD. Thank you very much for the opportunity to answer that question. As you do know, I am the U.S. representative to the KEDO board.

It is very clear from the U.S. point of view that the agreed framework under which KEDO was developed is very clear and very precise. The North Koreans must come into full compliance with their NPT obligations as indicated by the IAEA before any significant nuclear components and any additional construction take place.

If that does not happen, to answer your question very directly, there will be no additional construction. The LWR project will stop until the North Koreans are in full compliance with their obligations.

Mr. CHABOT. Thank you. During the Clinton Administration, the U.S. arguably took a minimalist approach to conventional force issues. Under the rubric of tension reduction, U.S. participants at the four party talks addressed aspects of conventional forces, but they broadly deferred to the South Korean colleagues who had the diplomatic read on the issue.

Indeed, the entire spectrum of confidence building measures and arms reductions is embodied in the 1991–1992 basic agreement between North and South Korea. In this context, why does it not

make more sense for the conventional force issue to be raised in a trilateral setting with the U.S., ROK and North Korea?

Mr. PRITCHARD. Let me go back to some of the comments you made on the conventional force side.

The previous Administration had made a determination through Dr. Perry's review that the two areas that we really needed to focus on were nuclear and the delivery capabilities of missiles and that the current situation conventionally on the peninsula was one of deterrence and that we did not need to focus attention there. There is a change in this Administration. They believe that the conventional force issue must be addressed as well.

During the four party talks, while that was theoretically part of the discussion, and I participated in those discussions, there was not very much progress at all. It was an opportunity for South Korea, North Korea, the United States and China to get together to discuss these types of issues. I continue to believe that the four party talks or a mechanism like it is going to be necessary as you move further down the road and talks mature on this subject.

In terms of a specific answer to the possibility for trilateral discussions, there exists at a lower level within the United Nations command the possibility for general officer talks. In the past, that at the DMZ has occurred where there has been both U.S., South Korean general officers and North Korean general officers that have talked about issues surrounding the armistice.

That is one avenue that remains, but your specific question happens to be one of a higher level. I would suggest that the Republic of Korea sees this as an important issue as we do and has that as part of their agenda in discussions bilaterally with North Korea. We are very much going to be supportive of that activity.

If there were a means in which we could actively pursue this, then I think we would have to take a look at it very seriously. That currently does not exist, and I do not want to mislead you on that.

Mr. CHABOT. Thank you, Mr. Chairman. I yield back the balance of my time.

Mr. LEACH. Thank you.

Mr. Meeks for the last question?

Mr. MEEKS. Very quickly, I understand that the Administration is emphasizing about seven basic things that they have in working with the North Koreans. I was wondering whether or not there is a particular emphasis, for example, on one as opposed to the other.

For example, addressing the missile issue. Where would that fit in the priority of the Administration as far as our negotiations with North Korea?

Mr. PRITCHARD. Mr. Meeks, one of the distinctions between previous policy and the current one is to try to approach this in a comprehensive manner. I will not try to differentiate, but to say that we will talk about all these across the board.

The missile issues are certainly very important. We have indicated that. So is the implementation of the Agreed Framework to ensure that there is a synchronization of effort; that the North Koreans are in cooperation with the IAEA and that they come to a closure of that cooperation that allows the IAEA to make some analysis and judgements along the same times that we are pre-

pared to move forward if in fact they are in compliance with the rest of the construction schedule.

Each of these have a very important aspect of it. What we are not going to do is address them in a stovepipe fashion where we will cleave off and have just missile talks or just Agreed Framework talks. I think we stand a better chance of success by being able to do this in a comprehensive fashion.

Mr. MEEKS. Last question, Mr. Chair.

In the negotiation of the reduction in regards to the missile, is the Administration ready to discuss the removal of U.S. troops from South Korea if in fact there was an agreement of the North Koreans to reduce forces in the DMZ?

Mr. PRITCHARD. In terms of this, I think most people will recognize that that particular issue on a conventional force structure in a linear fashion will take a long amount of time. I do not try to pretend otherwise.

The issues that we are focused on early on are the confidence building ones that will reduce tension along the DMZ on the peninsula. They will have the greatest chance of success.

Ultimately, as senior military officers have indicated, if and when we get to that point then we can have those kinds of discussions, but they are not even at the beginning part of this.

Mr. MEEKS. Thank you, Mr. Chair.

Mr. LEACH. Thank you.

I apologize. There is a vote on the Floor, so let me wrap this up quickly.

I used a word at the end of your discussion in the context of synchronization, which has a lot of syllables, but let me as precisely as I can suggest, and I am sure I speak for Eni on this.

Of all the significant issues in the world today in which there are obviously going to be some difference of judgements and nuances, but I know of no issue in which the Congress is going to be more supportive of the Administration. There will be a full backing of the Administration on everything to do with Korea.

In terms of force structure, even though there is some desire to start reducing troops in some parts of the world for the United States, there is a recognition that powerful troop maintenance is needed in Korea for the foreseeable future. I think you are going to have absolutely excellent support in the Congress for that.

We do have a divided government in the sense that constitutionally there is a separation of the Executive and the legislature, but I think the world has seen and will continue to see very strong support by the legislature for the Executive Branch and their relations with Korea.

Secondly, I think the longstanding historical ties between South Korea and the United States really is a bedrock relationship. What Mr. Faleomavaega commented about an awkward setting in Southeast Asia at a particular moment in time reflects that bedrock relationship.

In any regard, we appreciate very much your testimony today, Mr. Pritchard, and we wish you well in your assignment.

Mr. PRITCHARD. Thank you, sir. I appreciate the opportunity to be here today.

Mr. LEACH. The Committee is adjourned.

[Whereupon, at 11:30 a.m. the Subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

QUESTIONS FOR THE RECORD SUBMITTED TO SPECIAL ENVOY CHARLES L. PRITCHARD
BY CHAIRMAN JAMES A. LEACH

Question:

What U.S. sanctions on North Korea are still in place?

Answer:

North Korea is subject to numerous statutory and regulatory restrictions, which include restrictions imposed by statutes that specifically refer to North Korea and statutes that apply because North Korea has engaged in certain activities (e.g., support for terrorism and missile proliferation activities). Several sanctions overlap with respect to North Korea, as generally described in the examples provided below.

ACTIVITIES-GENERATED RESTRICTIONS

Terrorism

- Restrictions flowing from North Korea's designation as a terrorist state pursuant to Section 6(j) of the Export Administration Act include restrictions that apply to assistance, exports (including arms and arms-related exports), and financial transactions with the government of North Korea.

Missile Proliferation

- Sanctions related to North Korea's involvement in missile proliferation also include among other things restrictions on U.S. exports and USG assistance to certain DPRK entities, as well as import restrictions.

STATUTORY RESTRICTIONS

- USG assistance, including U.S. foreign assistance, U.S. export assistance, and any U.S. credit or guarantees, is prohibited for commercial exports to certain countries, including North Korea.
- Annual foreign operations appropriations bills have included provisions banning direct and indirect assistance to certain countries, including North Korea.

Question:

What is the current best estimate of the future funding requirements for the light water reactor project(s) in North Korea?

Answer:

KEDO currently estimates the total cost of the Light-Water Reactor (LWR) construction project to be \$4.6 billion, including a margin for escalation due to inflation.

The breakdown of funding sources is contained in the KEDO Burdensharing Agreement, reached in 1998: South Korea committed to fund 70% of the actual cost of the LWR project; Japan committed to provide the yen equivalent of \$1 billion; and the EU reconfirmed its commitment—via annual contributions to help meet KEDO's agreed priorities. The U.S., for its part, reconfirmed its commitment to seek funding for Heavy Fuel Oil and other KEDO needs, as appropriate, from all possible sources, but made no commitment to provide LWR project funding.

KEDO Executive Board Members additionally agreed that, should any funding gap occur, each would make all appropriate efforts to secure additional funding. Although the U.S. reconfirmed its commitment to assume leadership for organizing arrangements for financing any funding gap, we made no commitment to provide such funding.

Question:

How much of the 500,000 ton annual contribution is purchased by the United States? What has the cost of those contributions been? Does the administration plan to seek increased fuel oil contributions from our KEDO partners and/or other countries?

Answer:

Under the Agreed Framework, the U.S. assumed primary responsibility for funding the annual shipment of 500,000 metric tons of heavy fuel oil. Between 1995 and August 2001, we contributed \$287,436,000 or 72.8 percent, of the total \$349,358,742 in KEDO HFO funding. This year's U.S. contribution for HFO alone is approximately \$71 million.

The U.S. and the KEDO Executive Board have taken considerable efforts since 1995 to seek increased contributions from other countries to the HFO program. Aside from the U.S., 23 countries have contributed to KEDO, primarily for the funding of HFO. Regular contributors include Australia, Singapore, New Zealand, and Canada. The EU has pledged to increase its annual contribution to KEDO, which includes funds for HFO, from 15 million euros to 20 million euros, about \$17.5 million, later this year. Through our own bilateral efforts and the KEDO Executive Board, we have already approached 35 countries this year, both KEDO members and non-members, including oil-producing countries. Despite these efforts, we expect a \$23 million funding shortfall (equal to about 125,000 metric tons of HFO) this year.

Question:

Does the United States have reason to believe that any of this oil is being diverted from heating and electricity-generating purposes to military and industrial use?

Answer:

KEDO's monitoring arrangements, along with other means, give us confidence that the HFO supplied by KEDO has largely been used in the manner prescribed in the Agreed Framework. To provide confidence heavy fuel oil is used as intended, KEDO established a heavy fuel oil monitoring system in 1995 to measure and record the flow of oil at each power plant using KEDO-supplied oil. The U.S. Government also uses national technical means to supplement KEDO's equipment to provide further confidence that the heavy fuel oil is used in accordance with the Agreed Framework. In addition, we specifically chose to provide heavy fuel oil, which is useful for heating and electricity, but its low quality makes it difficult and expensive to adapt for other purposes.

There has been evidence that the DPRK has used small amounts of the oil for purposes not specified in the Agreed Framework, and we have had some information indicating the possibility of a diversion to different types of users. However, there are still many gaps in our information about this latest suspected diversion. We have raised our concerns regarding this information in bilateral talks with the DPRK, and plan to follow up in higher-level discussions. Given the uncertainties, President Clinton, in his Presidential Determination on January 3, chose not to certify that there had been no significant diversion of HFO.

Question:

What is the current food security situation within North Korea? What is the total amount of food aid being provided to North Korea by the United States this year? How does this amount compare with previous years? As a donor to the World Food Program, is the United States content with the level of food aid monitoring that North Korea presently allows?

Answer:

This year, rations distributed through the public distribution system (PDS) are somewhat better than last year. Anecdotal evidence suggests that there are fewer internal migrants and that acute malnutrition has lessened. However, the DPRK will continue to incur a food deficit of 600,000 to 2 million metric tons per year for the foreseeable future if no significant changes take place in the food production system.

The poor 2001 first crop, attributable to a spring drought and high temperatures in early June, has worsened food availability prospects over the next year. Observers expect that the PDS will reduce daily rations over the next several months. In addition, adverse weather (typhoons, excessive rain, wind damage) during the next three months could significantly reduce the rice crop and result in more demand for imported grain.

So far this fiscal year, the United States has contributed 300,000 metric tons of food aid. In 2000, we provided 260,000 metric tons and in 1999 700,000 metric tons. The amount has varied with the size of the World Food Program appeal. Note: WFP has unmet need of 134,000 metric tons for its North Korea program through the end of the year.

With respect to monitoring of WFP's food aid distribution, we would like to see improvements. Access to more counties, random visits, more rapid response to visa requests, nutrition surveys, and inclusion of Korean speakers would all contribute to this end.

Question:

There have been recent media reports that China has begun cracking down on North Korean migrants in China, sending larger numbers of them back into the DPRK. Are those reports accurate? Does China conduct any refugee screening before sending North Koreans back? What generally happens to returnees when they are handed over to North Korean authorities?

Answer:

We remain deeply concerned about the desperate situation that North Koreans face in their own country. We are aware that many North Koreans temporarily cross into China to find work or food and then return to North Korea. The U.N. High Commissioner for Refugees ("UNHCR") and several nongovernmental organizations are assisting these people, most often by giving them food, and we support those efforts.

Because the People's Republic of China does not allow the UNHCR access to the border areas, the UNHCR is unable to confirm reports of increased PRC deportations of North Koreans, which reportedly result from the PRC's "Strike-Hard" anti-crime campaign. However, UNHCR believes that the reports are credible.

Reporting from nongovernmental organizations indicates that most deported North Koreans are questioned by the North Korean authorities and then released after a short period of forced labor. However, there continues to be unconfirmed reports that some returnees are subject to beatings, incarceration, and possibly execution.

Although the PRC is a signatory to the 1951 Convention on the Status of Refugees, it also has a bilateral agreement with the DPRK to return individuals who cross the border illegally. Pressing the PRC on this issue may not improve the situation; some analysis suggests that greater attention to this problem could lead China to impose more stringent controls.

Question:

What amount of money does North Korea devote to its military?

Answer:

Because of the DPRK's lack of transparency, reliable estimates of its budget expenditures are difficult to calculate. However, analysis suggests that North Korea allocates approximately 25 to 33 percent of its budget—perhaps \$5.5 billion—annually—to military expenditures.

Question:

To which countries does North Korea export missile-related items?

Answer:

The DPRK has exported missile-related items to countries in the Middle East, South Asia and North Africa, including Iran, Pakistan and Syria.

Question:

What are the U.S. plans for providing food to the desperate people of North Korea during this time of great need?

Answer:

In recognition of the DPRK's continuing need for humanitarian food assistance, the United States government has contributed 240,000 metric tons of food this calendar year to the World Food Program's 810,000 metric ton North Korea program for 2001. 200,000 metric tons of that amount are being delivered during the second half of this year.

As the U.S. government develops more information about future needs, we will be prepared to respond, as we have in the past. We also urge other countries, particularly those with diplomatic relations with the DPRK, to do their share.

Question:

What are the plans for reinstating the PVOC food-for-work project in North Korea?

Answer:

We have no current plans for reinstating the food-for-work project. The World Food Program (WFP) has begun its assessment of DPRK needs for 2002 and will discuss its operations with the DPRK over the next few months. We intend to consult with WFP as it develops its program that begins on January 1. We will examine at the same time a continued role for U.S. PVOCs in distributing and monitoring U.S. humanitarian assistance.

PREPARED STATEMENT OF THE HONORABLE EARL BLUMENAUER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF OREGON

North Korea has suffered from a decade of economic collapse, natural disaster and a devastating famine. Malnutrition and its related diseases are a long-standing problem affecting children and women, with far-reaching consequences. According to a recent U.S. congressional report, two million people, nearly 10 percent of the country's population, have died from malnutrition and related diseases since 1995. Although international aid has provided a critical lifeline for the people of North Korea, a crippling drought this spring has put millions of women & children back into danger of suffering from renewed famine. Over the next several months, North Koreans will be forced to depend on reduced food rations and 'alternative foods', such as wild grasses, leaves and roots to survive.

The situation in North Korea has severely deteriorated after two relatively stable years in 1998 and 1999. Although recent rainfall has finally eased the situation in North Korea, crops continue to suffer from the effects of the drought. A recent bulletin from the UN Office for the Coordination of Humanitarian Affairs (OCHA) reported that in numerous places the first crop of the year has been severely damaged by the lack of rain. Many farmers continue to express concerns that the main crop has been planted too late as farmers waited for the arrival of the rain.

Questions:

The United States has a long-standing policy of providing food for starving children around the world. International food aid to North Korea in the past has been led by the generous contributions of the United States. World Food Program data shows that the U.S. government accounted for more than 52 percent of the cash and more than 55 percent of the grain contributed to WFP operations in North Korea between July 1999 and December 2000.

The U.S. Private Voluntary Organization Consortium (PVOC) has jointly implemented four projects providing emergency food distribution, FFW, and medical supply distribution to address emergency needs on behalf of USAID. In the past four years, the PVOC distributed and monitored 230,000 MT of U.S. food commodities, built strong relations with North Korean officials, fielded numerous monitors and gained access to 108 of the 211 counties in the DPRK. These projects have provided important people-to-people linkages between Americans interacting with North Koreans and established a rare U.S. presence within the country.

1. What are the U.S. plans for providing food to the desperate people of North Korea during this time of great need?
2. What are the plans for reinstating the PVOC food-for-work project in North Korea?

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